
COARSE GRAINS: WORLD MARKETS AND TRADE

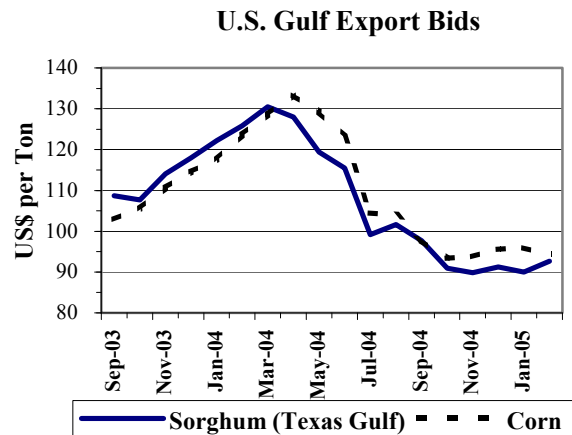
MONTHLY HIGHLIGHTS:

Brazil Corn Exports Retreat: Brazil burst onto the world corn export market 4 years ago and has stayed a significant exporter, but a drought-affected crop this year means that exportable supplies will fall to the lowest level in 5 years. Moreover, its rapidly expanding poultry sector will continue to absorb most domestic supplies, while production is slow to catch up with the steady growth in feed demand. Brazil's average yield is only one-third of that of the United States, and lags well behind those of Argentina and China. Unless production increases dramatically, i.e., at a faster pace than rising domestic demand, Brazil's days as a significant exporter may be numbered.

PRICES:

Domestic: February export bids for #2 yellow corn averaged over \$94/MT, down \$2 from January.

February export bids for #2 yellow sorghum (Texas Gulf) averaged nearly \$93/MT, up almost \$3 from the previous month and \$33 below year-ago prices. Sorghum's discount to corn of nearly \$2 per ton in February was considerably smaller than that of the previous month.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **United States corn** is cut by 1.5 million tons to 46.5 million because of more competition from Argentina and South Africa.
- **Argentina corn** is raised by 1.0 million tons to a record 13.5 million because of a record crop and a rapid sales pace.
- **Brazil corn** is down by 1.0 million tons to 2.0 million, the lowest in 5 years, as a result of tighter supplies and strong domestic demand.
- **Canada corn** is cut in half to 150,000 tons (and a similar reduction is made to **United States corn** imports) because of weak demand.
- **South Africa corn** is up by 500,000 tons to 1.5 million, the highest in 8 years, because of huge exportable supplies.

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- **Thailand corn** is raised by 250,000 tons to 700,000 as weak domestic demand has allowed strong exports.
 - **Bulgaria barley** is raised by 200,000 tons to 400,000 because of newly available trade data.
 - **Canada barley** is dropped 200,000 tons to 1.5 million. Exports are suffering because of malting barley quality issues.
 - **Russia barley** is cut again this month to the lowest level in 5 years (1.0 million tons) because of slow exports. However, **Ukraine barley** is raised again this month, this time by 300,000 tons to a record 3.8 million.
 - **Australia sorghum** is up 100,000 tons to 600,000, the highest in 4 years, because of ample exportable supplies and strong early season shipments.

Selected Importers

- **Turkey corn** is lowered by 400,000 tons to 500,000, the lowest in 10 years, because of ample supplies of feed quality wheat and lowered demand from the poultry sector.
- **Malaysia corn** is raised by 200,000 tons to 2.4 million as feed demand has recovered faster than expected.
- **Mexico corn** is down by 300,000 tons to 5.5 million because of a record crop.
- **EU-25 sorghum** is doubled to 200,000 tons because of recent awards totaling over 150,000 tons of licenses at a reduced duty.